

# The Nigeria's Evolving Public Private Partnership Mixes in Health Care Sector

Gbeneol J. Tombari

Department of Surgery, University Port Harcourt Teaching Hospital, Port Harcourt, Rivers State, Nigeria

## Abstract

Public private partnership (PPP) has been said to be a long term agreement between government agency and a private partner for the delivery of goods and services with both party sharing in the risks and rewards inherent in the delivery of the goods and services which include financial; risks and responsibilities. Public and private partnership is an answer to the high demand for infrastructure which is at all times high, which is not being currently met by traditional contracting methods. Private companies in conjunction with the public sector or one of its branches have therefore introduced this solution which provide a more integrated financial design construction, maintenance and operational solution to infrastructure projects. This research examined the evolution of public private partnership mixes in health care sector in Nigeria. It highlighted the origin of public private partnership, its importance and nature, that is, the meaning and significance of PPP; taken cognizance of the different model of PPP in Health sector. Data presentation included the appraisal and challenges of PPP in the various health sectors in Nigeria. It is sad to note that Nigeria and indeed Africa are losing their experienced Health Workers to developed countries as a result of neglect of their Health sectors and particularly in Nigeria, mismanagement of resources, lack of priority, lack of respect for human lives by our leaders, low wages, poor motivation, persistent shortages of basic medical supplies, poor working conditions, out dated equipment's, lack of efficient and effective coordination, limited career opportunities and above all, economic reasons are among the most important factors responsible for this brain drain. The national health bill should be revisited by the national assembly while the introduction of national health insurance scheme (NHIS) by the past administration is welcomed by Nigerians. There should be increased access to care services by making primary healthcare available to all Nigerian irrespective of status, religion and sex.

## INTRODUCTION

Efficient and effective health care delivery has been major challenges in most developing countries of the world, like Nigeria. From the problem of underfunding, to the cancer of corruption; misapplication and misappropriation of funds (that is, even when the scarce fund or money is budgeted for health sector, the money is either diverted to personal pockets or underutilized), to the problem of lack of manpower. The end product of these challenges is death as a result of preventable diseases.

A Public Private Partnership (PPP) is the provision, (probably) finance, long-term operation and maintenance, of public infrastructure and/or provision of public services by the private sector. A PPP that is initiated by the public sector involves a clearly defined project involving the sharing of risk with the private sector based on a contractual relationship which is limited in time, having a clear separation between the public sector and the borrower. The later definition is established for the purpose of this study. It includes both public infrastructure and public services in the health care sector. Public in this definition must refer to payment, and services to clinical (medical) services. The ownership of the infrastructure or the service provider may take different forms; for example, for profit and not for profit.

The inclusion of medical service provision in the definition extends the evaluation beyond what is usually included in the definition of PPP, and also opens up the assessment of value for money to more general aspect of health care system analysis; for example, the use of bundled payment for services or pay-for-performance (related to outcome and/or process quality) as mechanisms to improve value for money.

PPP in health have in most cases been a response to a specific problem or policy situation. A common shortfall of all projects is that no formal evaluation of the outcome has been planned into the project. With an increasing number of alternatives developed for health care delivery, PPP being one of them, the demand for proper evaluations has been identified as key factors for the development of evidence based health care, and other investments in health. The new methods are, a focus on outcome, a comparison of relevant alternatives, and using data from clinical practice rather than clinical experiment for assessing the outcome and cost-effectiveness. This is highly relevant for PPP.

According to July 2012 estimate, Nigerian population is put at 170,123,740 (one hundred and seventy million, one hundred and twenty-three thousand, seven hundred and forty thousand people). The Age structure is put at: 0-14:40.9% (Male 32, 476,681/ Female, 31, 064,539), 15-64 years: 55.9 % ( Male 44,296,228/ Female, 42,534,542), 65 years and over: 3.1% (male, 2,341,228/ female 2,502,355), life expectancy rate is put at 48.95 years (Total Exploration Production Dairy, 2013).

It is also worthy to note that ill health and diseases have been burden to most developing countries like

Nigeria. For instance, Nigeria's HIV/AIDS-adult rate is put at 3.6% (2009 estimate), people living with HIV/AIDS death is put at 3.11 million (2010 estimate), (Total Exploration Production, 2013 Diary).

In Nigeria healthcare delivery systems, the problem of under remittance has become a big challenge to the growth of this sector. These problems, many believe, has to do with lack of funds especially as it relate the amount of percentage budgeted by the government. Many analysts and scholars are of the view that the amount is poor compared to what is obtained in most advanced countries.

Most private firms such as hospitals, clinics and other health related institutions do not pay their taxes and when they do, they negotiate for underpayments. Some ask for subsidies and rebates not due them to evade taxes, commissions and bills. This does not help the health sector.

The purpose of this research is to analyze the changing PPP mixed in health care sector in Nigeria

The study is also aimed at finding out benefits through public-private sector partnership and to establish changes in public-private sector mixes in the healthcare sector in Nigeria.

## METHODOLOGY

The study was carried out to reflect/reveal or bring to light the perennial problems of the healthcare mixes within a period of six months. This work looked at the public-private sector mixes in healthcare system using Nigeria as a case study.

In analyzing the changing public-private sector mixes, these questions were asked and efforts made to answer them:

- a. Are there changes in public-private sector mixes in healthcare systems?
- b. Can public-private sector partnership bring about effective and efficient service delivery?
- c. How can Nigerians benefit through public-private sector partnerships?

Also, the role adopted by Nigeria Medical Association for effective Public Private Partnership in Health sector in Nigeria was examined

## RESULTS

It is an acknowledged fact that Nigeria's Health sector is in shambles and this issue aside the energy problem and other related developmental issues need to be addressed and fixed as quickly as possible.

In many places in Nigeria, our hospitals especially Primary Health Centers are far away from where people live and some are with low quality drugs dilapidated structures, corrugated roofs, covered with cobwebs and in many places, have become habitats for stray domestic animals.

From research, in some tertiary and secondary health centers, ordinary water supply are not available, patient relatives have resort to buying water in jerry-cans and health workers have to wait endlessly for essential drugs and disposable gloves faced with irregular power supply.

According to 2003 National Demographic Health survey, our immunization coverage is put at 13% and that led to some of the reasons why some Nigerian children are dying every day of preventable illness. Also, the rate at which women are dying of preventable and avoidable complications of pregnancies across the entire nation is alarming.

Nigeria accounts for 10% of the global estimate of maternal death, even though according to World Health Organization, our population, no wonder why our trained and qualified doctors and nurses are all eager to leave the country and travel abroad.

With an estimated population of over 170 million in Nigeria, healthcare becomes indeed a big challenge for government to bear alone. At the end of the Second World War, Canada and several other countries introduced significant measures to build health-care systems that would meet the public's changing needs and demands. During this time, health care became universally accessible in many countries, and health-care spending accounted for an increasingly large proportion of the gross domestic product (GDP). As a result, the range of publicly funded health services grew, hospital infrastructure improved, and the use of new medical technologies significantly increased the number of diseases that could be successfully treated. This trend, however, would change. The oil crisis in the 1970s, the recession in the 1980s, and the desire to balance governments' budgets in the 1990s necessitated changes in response to the rising costs of health care.

Changes were introduced to contain costs and enable health-care resources to be used more efficiently. In general, these changes have meant reduced public coverage, decreased publicly funded health services, and increased out-of-pocket payments. Although the rate of growth in private-sector spending in health care was decreasing in the 1980s and 1990s, it began to exceed public-sector spending in many countries, including Nigeria. There is now greater involvement by the private sector in health care. Increasingly, the public and private sectors are working conjointly to fund and deliver health services.

## PPP HEALTH CARE MODELS IN NIGERIA

The Nigerian government through the ministry of health has been on its toes to bring relieve to the

overwhelming burden of healthcare services in the public health sectors by variation of collaboration with the private sector.

The Federal Ministry of Health in collaboration with the Cancer Education and Advocacy Foundation of Nigeria (CEAFON) AND Roche Products Limited to upgrade six federal tertiary hospitals to oncology centers of excellence. The designated hospitals are; University Teaching Hospital Sokoto, University Teaching Hospital Maiduguri, Lagos University Teaching Hospital, University Teaching Hospital Benin, University of Nigeria Teaching Hospital (UNTH), Enugu, and Ahmadu Bello University Teaching Hospital Zaria.

**Laboratory:** Lagos State University Teaching Hospital (LUTH) laboratory has achieved a milestone recorded in the history of PPPs in the health sector of Nigeria by becoming the first hospital with an ISO 15189 accredited laboratory. This was achieved through its partnership with Pathcare Laboratory since 2009.

**Imaging:** 128 slice CT scanner in LUTH.

**Open Heart Surgeries:** In 2004 the government availed policies that approved PPP projects such as the Open Heart Surgeries at UNTH Enugu and University College Hospital Ibadan.

**Geriatrics:** Geriatrics ward in UCH Ibadan

**Dialysis:** Dialysis Unit at Federal Medical Centre Owerri.

**Pharmacy:** Pharmacy at the Federal Staff Hospital Abuja

**Sickle Cell Disease:** Sickle Cell Foundation, Nigeria operates a PPP with the Federal Government through its affiliation with LUTH and Mediterranean Institute of Haematology, Rome Italy under this partnership, Sickle Cell Foundation Nigeria provides for sickle cell children between ages of two months to fifteen years to undergo free bone marrow (stem cell) transplant.

**Referral Hospital:** The hospital facilities in Cross River State are inadequate; in addition to deteriorating infrastructure and a lack of skilled staff, the facilities lack advanced medical equipment. As a result, the quality of public healthcare services is sub-optimal. Moreover, the population perceives the quality of healthcare as poor, resulting in a loss of confidence in the facilities, a greater reliance of self-medication, and an exceptionally high rate of medical evacuations (Tourism) to other countries.

Nigeria's Cross River State, with just over 0.5 hospital beds per thousand people, has the lowest density of hospital infrastructure in the South-South region of the country. While there is nascent private sector involvement in the health sector, most health care delivery is provided by the state; however, the network of public sector hospitals and healthcare centers does not meet the region's needs.

The Government of Cross River State is structuring and implementing the first health Public-Private-Partnership (PPP) in Nigeria: a new referral hospital in the capital city of Calabar that will deliver an affordable international standard of healthcare for the state.

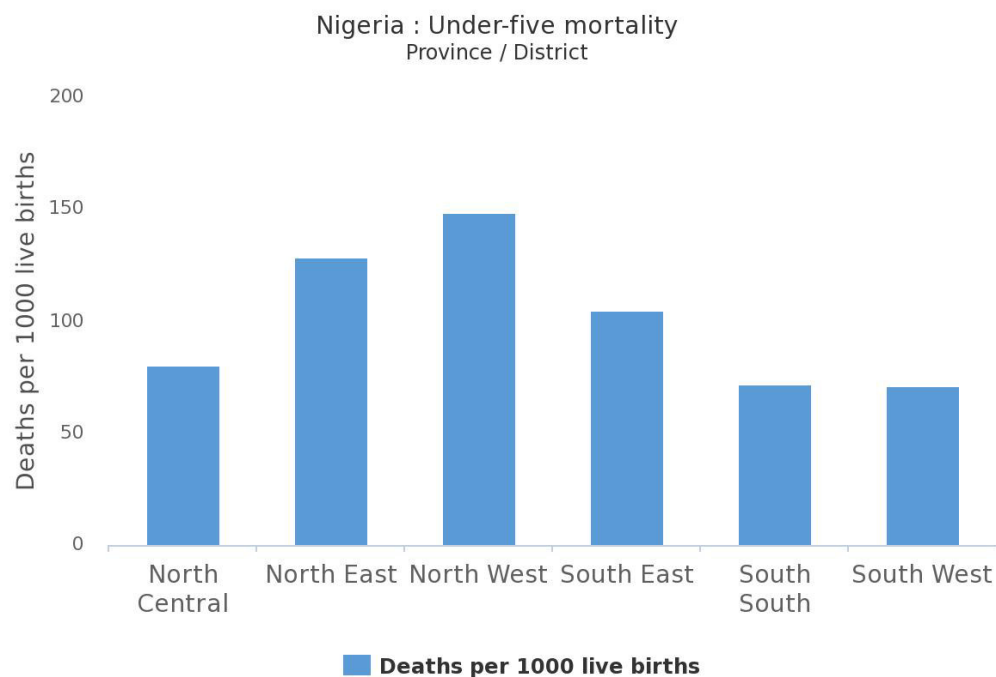
To confront these challenges, the Cross River State Government proposed the establishment of a 105-bed referral hospital to serve the needs of the capital city, Calabar, and its environs. A new gateway clinic to be attached to the hospital will offer primary healthcare services and a solid referral mechanism for the PPP hospital, ensuring that only patients requiring secondary care are admitted to the hospital. Starting in September 2011, IFC facilitated the participation of qualified private sector firms in the design, construction, equipping and management of the proposed hospital through a transparent tender process.

The hospital is anticipated to be operational in 2015. The 10-year project term will include up to two years for construction and eight years for operation. The construction and equipping of the hospital, totaling approximately 37 million dollars, will be financed by the state Government. The consortium will bear some project development costs, deliver a turnkey hospital, and will then be responsible for running the hospital operations under terms defined in the PPP agreement. At the end of the concession period, the facility will be transferred to the government.

The hospital will be managed as a state referral hospital, providing quality and affordable access to regional level clinical services. The consortium led by UCL Healthcare Services includes Cure Hospital Management Services, a U.S.-based firm which will provide clinical services and Simed International, a Dutch firm which will deliver the medical equipment.

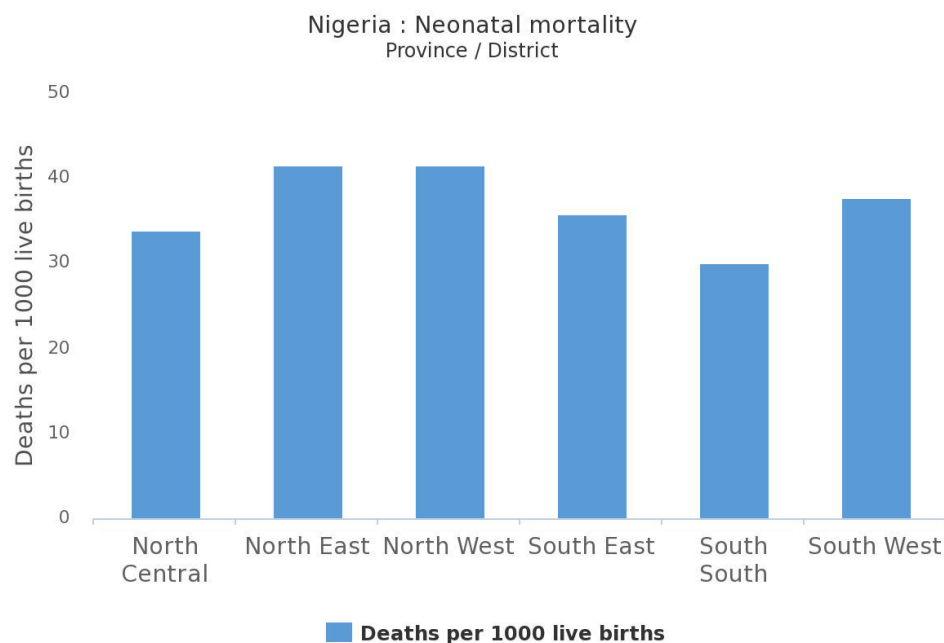
### Healthcare Financing in Nigeria

In many developing countries such as Nigeria, the health sector suffers from the lack of financing and human resources. There is a constraint on health sector resources; yet the demand for health services is increasing at an alarming rate. The situation in Nigeria has been exacerbated by the strain on these resources posed by health challenges such as infant and maternal health, HIV/AIDS and the problems of non-communicable diseases.



Source - IGME:2013 National data disaggregated based on DHS subnational distribution - DHS:2013  
Last Updated - 8 Mar 2016

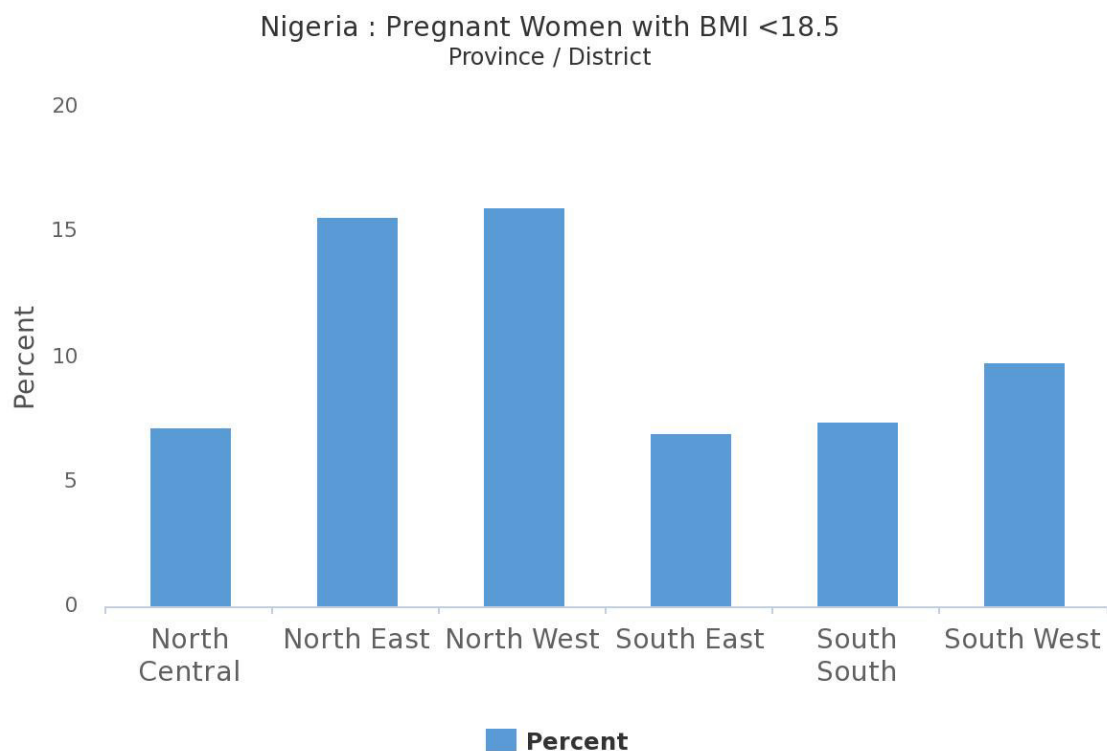
Figure1: Under-Five Mortality in the Six Geopolitical Zones of Nigeria



Source - IGME:2013 National data disaggregated based on DHS subnational distribution - DHS:2013  
Last Updated - 8 Mar 2016

Figure 2: Neonatal Mortality in the Six Geopolitical Zones of Nigeria

It is also worrisome that a country with a population of about 170 million is the most populous country in Africa; sadly, its health sector a foremost service sector is perennially under-funded by the government (estimated to be 5% of GDP) and have to compete with other important social service sectors such as housing, transportation, environment and security.



Source - DHS:2013  
Last Updated - 8 Mar 2016

Figure 3: Pregnant Women with BMI Lower than 18.5 in the Six Geopolitical Zones of Nigeria

The World Health Assembly (WHA) passed a resolution, in their 63<sup>rd</sup> meeting on “Strengthening the Capacity of Governments to Constructively Engage Private Sector in Providing Essential Healthcare Services”, that private provision of health services will lead to providing better services, financing health goals, and ultimately improving a nation’s health status if optimized. This, therefore, highlights the potential for the Nigerian government to scale up healthcare financing by leveraging private resources, innovations and expertise while working to achieve the universal health coverage.

**Strategic Purchasing:** Strategic Purchasing through the principle of PBF strengthens the need for scaling up PPPs in Nigeria. Scientific facts have shown that PBF arrangements provide organizational units’ rights over their resources. This implies that organizational units will not have to rely on hierarchical relationships but on contractual or regulatory ones. For instance, in health facilities, fee-for –service look-alike model combined with scoring based on a quality checklist, such as having one or more fully immunized child that produces an additional unit of service, can be rewarded. Besides, these arrangements can also go a long way to encourage the health facility to set up a bonus contract with staff as a reward.

One could be tempted to think that PPPs systems are ‘magic bullets’ by themselves, rather, evidence reveals that weak monitoring has been the ‘Achilles heel’ of PPPs in developing countries. This may explain why past PPPs programs in Nigeria have failed.

#### Test for PPPs

There are three internationally applied standard tests to determine whether a PPP is the appropriate vehicle for procuring a public asset or service:

Can substantial risk be transferred to the private sector?

Is the project affordable to the procuring institution?

Does a PPP procurement option show value for money?

**Risk:** The public sector does not always manage risk well. For example, if an institution is building infrastructure, construction may be completed late and budgets may be overspent. This is not in the public interest. A key characteristic of PPPs is the transfer of risk from the public sector to the private sector. If the private sector does not complete construction on time and within budget, it will not be paid by the procuring institution. This principle also applies to the provision of services.

If the agreed upon services are not available or do not meet the agreed upon standards, the private party faces financial penalties. However, it is important to understand that the institution does not transfer all the risks to the private sector. Only those risks that the private party is best able to manage are transferred



**Affordability:** One of the most important tests for a PPP is whether the procuring institution can afford it, given its available budgets. Sometimes, institutions have not budgeted adequately for their infrastructure and service delivery needs. Budgets may need to be reviewed once proper business cases have been prepared and evaluated.

**Value for Money:** To determine whether or not to procure infrastructure through a normal tender process or through a PPP, a value-for-money test needs to be applied. How much will it cost for the institution to provide infrastructure and services itself compared to the costs of providing the same infrastructure and services through a PPP? If the comparison shows that a PPP is more cost-effective, the difference in cost between the two scenarios is known as value for money. If the value-for-money test agrees that the traditional procurement method is more cost effective, the PPP option would not be pursued. The most important factor in ensuring the success of a PPP, and a conducive PPP environment generally for it to thrive, the government and the private sector must share a strategic long-term vision that sees PPPs as valuable contributors to economic growth, employment and nation-building.

#### **Factors Contributing to Successful Public-Private-Partnership**

- Ensuring PPIs are strategically important to national goals. Considerations were made to identify and indulge in PPIs that are required to solve particular national and local problems and was not viewed as a 'one-size-fits-all' approach.
- Increase of government of capacity to manage public provider collaborations. As where adequate capacity is not developed, collaboration yields poor outcome and may even have negative consequences for the health sector.
- Building a knowledge base on what works, where and why; this is needed to identify evidence of effectiveness of PPIs in the health sector, from regular and a comprehensive review to access the impact and quantify the extent its contribution to achieving national goals. For example, there are claims that PPPs are skewed in favor of the private sector, that public sector rarely succeeds in leveraging benefits on behalf of the public. An objective assessment of the existing partnerships especially those in which there are contractual agreement with government would better inform this debate.
- Moving from pilots to large scale interactions; South Africa government encourage the coordinated efforts of small scale interaction which merges to bring out stronger combined impacts, example Gold mining companies in South Africa are implementing highly effective TB programs.
- Encouraging innovation and learning; the private sector or the public sector can bring innovation and new technology to solve public health problem, bringing about a "state –of –the art" business practices and system. For example, the public sector trains and produces qualified healthcare professionals that reward the private sector enterprise on the other hand the private sector add innovation in new technologies and diagnostic services to the public enterprise.
- There are good transaction advisors who understand the procuring institution's requirements and service delivery mandates. A thorough and rigorous feasibility study is conducted. Appropriate risk is transferred to the private sector to ensure value-for-money outcomes.
- The institution has strong management skills. The institution has strong relationship and communication skills. A proper monitoring and evaluation model is necessary for ensuring continuous value-for-money outcomes.
- Coherent legislation and regulations for procuring PPPs at the national, provincial and municipal levels are in place.
- The stewardship role of the government also ensured support and ownership of interactions at all level of the health system, the presence of high level representation to make decisions and respond quickly to proposed changes was a key success factor in PPPs of Gauteng province.

#### **CONCLUSION**

It is sad to note that Nigeria and indeed Africa are losing their experienced Health Workers to developed countries as a result of neglect of their Health sectors and particularly in Nigeria, mismanagement of resources, lack of priority, lack of respect for human lives by our leaders, low wages, poor motivation, persistent shortages of basic medical supplies, poor working conditions, out dated equipment's, lack of efficient and effective coordination, limited career opportunities and above all, economic reasons are among the most important factors responsible for this brain drain.

The national health bill should be revisited by the national assembly while the introduction of national health insurance scheme (NHIS) by the past administration is welcome by Nigerians. There should be increased access to care services by making primary healthcare available to all Nigerian irrespective of status, religion and sex.

The development of a national health information system should be encouraged to facilitate health planning

and management. Disease prevention has to be strengthened and health promotion in areas such as HIV/AIDS. Sexually transmitted diseases (STDs) should be addressed and there should be integrated nutrition programme to focus more on sustainable food programme for the needy.

All these, if properly harnessed, will bring about the evolution needed for PPP mixes in health care sector in Nigeria.

## REFERENCES

- Nigerian Medical Association and the PPP Lullaby (Anyanwu, Ebere)  
The Sony State of Nigerian Health Sector and the Agitation for a 21<sup>st</sup> Century Comprehensive Healthcare Delivery System in Nigeria. (Benjamin Ogbobulu).  
Ufuoma John. E. Accelerated reforms in Healthcare Financing; the need to scalp up Private Sector Participation in Nigeria, International Journal of Health Policy and Management. PMID:3937949.  
The Future of Healthcare in Africa , A report from the Economist Intelligence Unit sponsored by Janssen, EIU-janssen –Healthcare Africa-Report-web. Accessed 12: 23:12:15.  
Philippe Burger, Ian. H, National Policy on Public Private Partnership for Health in Nigeria, Federal Ministry of Health Secretariat. November 2005.  
Peter A. Berman, "Rethinking Health Care Systems: Private Health Care Provision in India." *World Development* 26:1463-1479 (1998). Public Private Partnership- the answer to Nigeria infrastructure problem? [www.howemadeitnafrica.com/public-private-partnerships-the-answer-to-Nigeria's-infrastructure-problems/](http://www.howemadeitnafrica.com/public-private-partnerships-the-answer-to-Nigeria's-infrastructure-problems/), accessed 06:18:12:15.  
John T. Dunlop, Public Private Partnership: Problem and Opportunities, National center for Biotechnology information, [www.ncbi.nlm.nih.gov/](http://www.ncbi.nlm.nih.gov/).  
Buse, K. and G. Walt, Global Public-Private Partnerships: Part II –What are the Health Issues for Global Governance? (Bulletin of the World Health Organization, 2000, vol. 78, no. 5).  
Buse, K., and G. Walt, Global Public-Private Partnerships: Part I – A New Development in Health? (Bulletin of the World Health Organization, 2000, vol. 78, no. 4),  
Birdsall Nancy, and Estelle James, "Health, Government, and the Poor: The Case for the Private Sector" World Bank Policy Research Paper, (1992).